

# Exhibit 49

ZFL-1391183

**REDACTED**

**Credit Opinion: Zuffa, LLC**

Global Credit Research - 03 Dec 2010

Las Vegas, Nevada, United States

**Ratings**

Category	Moody's Rating
Outlook	Positive
Corporate Family Rating	Ba3
Sr Sec Bank Credit Facility	Ba3/LGD4

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**Phone****Opinion****Rating Drivers**

- Largest global MMA promoter with strong brand recognition and unparalleled distribution
- Solid credit metrics and solid growth balance the company's small scale and relatively short operating history
- Reliance on pay-per-view revenues creates some risk to economic downturns and changing consumer tastes, though diversification of revenues from move towards the mainstream is opening new opportunities
- Variable fighter costs help drive strong margins and cash flow generation
- High financial risk tolerance of the company's owners constrains credit ratings to Ba category

**Corporate Profile**

Zuffa, LLC d/b/a Ultimate Fighting Championship (Zuffa) is the world's largest promoter of mixed martial arts (MMA) sports competition events. Its most prominent brand, the Ultimate Fighting Championship or "UFC", has the largest platform in the sport today, and in the U.S., its name is now synonymous with MMA. Another brand includes PRIDE Fighting Championships (PRIDE) and World Extreme Cagefighting (WEC). However, the company has announced that WEC will be merged into UFC effective in January 2011 and the WEC brand name will be retired. MMA is an individual combat sport with international appeal, which uses a combination of rules and fighting genre, such as boxing, karate, judo, jiu-jitsu, kickboxing, and wrestling among others and is currently sanctioned by 44 out of 48 state athletic commissions in the U.S. under the "Unified Rules of MMA".

**Rating Rationale**

Zuffa's Ba3 CFR reflects its premium MMA platform and brands, sturdy credit metrics, strong free cash flow and superlative international revenue growth prospects in the expanding sport of MMA. The rating considers the benefits from the growing popularity of UFC, its scale, brand strength and breadth of fighters under multi-year contracts which help serve as an effective barrier to entry. The rating is also impacted by Zuffa's relative large scale in MMA, its first mover advantage, its large contractually bound pool of fighters with superior opportunities for exposure and profit, and management's commitment to maintain a moderate amount of debt and leverage. However, the rating also considers the still fairly limited tenor of the sport relative to other established sports, Zuffa's small size and revenue concentration on a limited number of events. Though the majority owners have significant financial resources, they have a history of being high financial-risk tolerant entrepreneurs, which constrains the rating to the Ba category.

**DETAILED RATING CONSIDERATIONS****SIZE WITHIN MMA AND DISTRIBUTION**

Zuffa is the largest promoter of organized MMA fighting events in the world under its UFC brand. Since UFC's acquisition by Zuffa in 2001, Zuffa has consolidated under its umbrella, other weaker performing industry competitors, such as WEC in October 2006, World Fighting Alliance in December 2006, and PRIDE in May 2007. The company owns all copyrights, trademarks and recordings for its brands, including the rights to The Ultimate Fighter, a reality series which is under contract and airs on Spike TV, and the trademarked Octagon cage.

Management has been able to transform the sport, from what was a collection of disorganized no rules rumbles often banned by most states, by standardizing and conforming to rules that are consistent with those already sanctioned in most states. The rules help ensure safety by using referees, weight classes and limiting fights to either three or five rounds. Management also implemented regular drug testing and physical examinations of all fighters and oversees operations to ensure the continuity and veracity of the MMA events. The current scale and worldwide reach of the UFC dwarfs any of its competitors in Moody's opinion. We believe that Zuffa has attracted and secured under exclusive contract

most of the top highly trained fighters in the sport, which is a qualitative competitive advantage.

#### CREDIT METRICS, COMPANY SIZE AND SHORT HISTORY

##### CREDIT METRICS

The company's operating performance has been consistently improving since 2007 when leverage approached 6.0x. EBITDA performance has closely aligned with Moody's expectations through 2010. Credit metrics have improved resulting in current consolidated leverage of about 2.7x (incorporating Moody's standard adjustments). In October 2009, the company increased debt via an accordion feature in its bank facility. The company increased the bank term loan facility by \$100 million, with about \$70 million of the proceeds used to pay a dividend, and most of the rest of the proceeds were used to pay down the company's fully-drawn \$25 million revolver, resulting in approximately a \$75 million net increase in debt and raised leverage to about 3.5x. However, steady improvement in revenue growth largely driven by stronger pay-per-view (PPV) revenues has lowered leverage to approximately 2.7x (LTM 9/30/10) and expanded EBITDA margins to about 39% (incorporating Moody's standard adjustments). We believe de-levering will resume via revenue and EBITDA growth rather than debt reduction, and expect leverage and margins to improve to approximately 2.2x and 42%, respectively by 2012. However, if the company pursues its option to increase debt further via the \$75 million remainder of its credit facility accordion, the leverage will increase by 0.4x to about 3.1x (pro forma for 9/30/10 results), and without any material debt reduction, it may take an additional 18 to 24 months to reduce and sustain leverage at or below 2.5x unless the company were to enter some transforming transaction such as a more important long-term television rights contract or sizable sponsorships.

We anticipate that low maintenance capital requirements will continue to drive Zuffa's strong free cash flow conversion and afford the company ample financial flexibility to repay debt in the future. Over the intermediate-term, we believe the company will repay only its required amortization, which isn't significant, and distribute the remainder of its free cash flow to the shareholders including amounts intended to pay taxes attributable to Zuffa (as an LLC, the company's income is attributed to its owners, and they are responsible for paying the respective taxes). Note: Moody's calculates free cash flow allocating a portion of dividends to tax expense (the company's LLC legal structure is such that the shareholders bear the responsibility to pay the taxes on behalf of the company) and the remainder is viewed more like share repurchase activity due to the private company nature and ability to turn such payments on or off at will, which is typically more difficult for public companies with entrenched dividend programs.

##### COMPANY SIZE AND SHORT HISTORY

The company's credit rating is constrained by its relatively modest size, its potential for operating performance volatility, its short history and recent milestones of meaningful revenues and cash flow generation. Its dependence upon it sustaining its recent popularity gains, revenues and profit margins further restrict the rating within the Ba category. The rating is also limited by the company's revenue concentration, as nearly 74% of its LTM 9/30/10 revenues were derived from up to about a dozen annual live PPV events (though revenues from those events includes PPV revenues, gate revenues, closed circuit and international rights fees, broadcast and sponsorship revenues) in the U.S. and abroad. This percentage is in-line with the company's 2009 results, but we are starting to observe a decline in PPV event tickets and PPV buys contribution. The company is gradually increasing its scale and diversifying its revenues through sponsorship and TV negotiations, licensing, and through international growth. Also, UFC is planning its third Gym, scheduled to open in Q1 2011. In addition, the company has been growing its Merchandising segment, recently driven by the launch of their video game at a higher royalty rate than the prior year. Finally, on August 5, 2010, the company unveiled its new ufc.com website to the public, featuring a number of new characteristics more relevant to their growing user numbers and worldwide reach.

So long as Zuffa remains very dependent upon variable PPV and ticket revenues rather than a balance including higher fixed contractual broadcast rights fees, it is exposed to disposable income trends. As a result, cyclical economic downturns create a risk for the company which is apparent in the recent per capita ticket pricing decline. Despite this, the company has performed extremely well during the recent severe economic downturn as it adjusted ticket prices to match demand and maintain volumes. The continued spread of popularity of UFC more than mitigated the cyclical impact. We have some moderate concerns that when the company reaches maturity, that future downturns could temporarily negatively impact revenues much like for other sports.

In addition, like in other sports, war time and terrorist activity risk which could affect general large events cannot be mitigated. Nevertheless, the company is very well diversified geographically inside the U.S., with a vision of expanding the sanctioning of events to all 48 states with athletic commissions, and decreasing its concentration risk to any regional downturns. Also, the organic expansion internationally should help the credit as it will become less dependent on U.S. trends by increasing diversification of the revenues in the coming years.

##### GROWTH PROSPECTS

Factored into the company's Ba3 CFR is our belief that Zuffa's growth prospects are strong. In our view, growth will likely come from increases in the number of U.S. and international PPV events and better venue selection, growth and expansion of contractual U.S. television rights fees (the current Spike TV agreement expires in 2011 which we believe will both increase revenues for Zuffa, as well as provide the company with additional flexibility to monetize its Ultimate Fighter content elsewhere if opportunities exist), additional releases of the UFC based video game which has been very well received and profitable, and a steady increase in the popularity of MMA in line with changing tastes in sports (i.e. X Games, etc.) which, in our view, will attract growing numbers of mainstream 18 to 34 male-oriented advertisers. Since 2007, the company entered into sponsorship agreements with mainstream advertisers, Anheuser-Busch (Bud Light), Harley-Davidson, Burger King and Bacardi.

MMA is among the fastest growing sports today, and is well positioned for advertisers that seek to reach males in the 18 to 34 age demographic. As a result, revenue growth is expected to remain strong for the intermediate-term. UFC top events have ranked equal in viewership with NBA and MLB playoffs (with regard to UFC's target demo) and above NASCAR and NHL top events.

MMA has some of its strongest followers internationally including Japan, Brazil, and other Latin American and Western European countries. Therefore, UFC is expected to find an easier time spreading in Latin America, Europe and Asia, than other U.S. sports, and Zuffa is well positioned to capitalize on the expansion and increasing fan market share of the sport internationally, improving the company's metrics in the long-term. To that end, in 2009, the company entered into content agreement with Group Televisa (rated Baa1) to showcase all UFC live events and other taped programming. In the U.S., the success of the reality series, the Ultimate Fighter which debuted in January 2005, televised on the Spike TV channel (owned by Baa1 rated Viacom), serves as a fertile ground for new UFC fighters and has been a successful springboard to enhancing the UFC brand and expanding its audience.

We believe that MMA, and particularly UFC, are benefiting from fan defection largely from boxing and professional wrestling, as well as other traditional sports. Increased coverage on the ESPN and CNBC networks and on the Internet at mainstream sports sites such as Yahoo.com

should also increase the growth prospects for the sport and the company.

#### LOW-FIXED COST MODEL

In contrast to other sports entities, Zuffa has fighter costs which are largely variable. Guarantees and upfront bonuses are more rare, and termination clauses exist for weak performance (akin to the NFL). Compensation is closely tied to performance, and for certain marquee fighters, often by the success of the PPV event. In our opinion, much of Zuffa's credit strength is due to the variability of fighter costs, and those costs being lower as a percentage of revenues than the player costs in other long established major sports leagues (NFL, MLB, NBA, NHL, and Premier League). These costs, often fixed, are the single most significant cost for other teams/leagues and the primary reason why profits are low and deficits are not unusual. Zuffa's exposure to fighter costs is somewhat parallel to that of NASCAR, considering that both fighters and racing teams are independent contractors that have opportunities to generate their own sponsorship revenues, and which do not have a unionized workforce.

With rising revenues, this lower risk structure has led to healthy EBITDA margins. However, we also believe that as the sport is growing in terms of both revenues and popularity, like in other sports, its stars demand greater compensation, and costs will rise in order to maintain stability. We believe the characteristics of the business are well suited for higher scalability and believe the current management will be able to utilize its MMA events library, of which a large portion are in high-definition, by leveraging off its digital media and website on-demand download capabilities as well as its merchandising, for further organic growth with minimal cash outlays. Also in contrast to other sports entities, Zuffa neither owns nor leases arenas and therefore avoids typical building financing, capex, maintenance and remodeling costs.

While we consider competition a relatively low risk, success breeds imitation. Moderate levels of disruption are expected from media companies with significant resources that invest in sports programming.

#### Liquidity

Zuffa's liquidity profile is very solid. It is characterized by strong free cash flow generation and ample cushion under its financial covenant (compliance with the covenant is required only if the revolving facility is drawn) which should allow for access to the undrawn revolver over the next 12 months if need be. The company has recently increased the size of the revolver availability by an additional \$25 million to \$50 million. In addition, the company has the option to use its \$75 million credit facility accordion feature. Over the next twelve months, we believe that Zuffa's cash balance (\$20.5 million as of 9/30/10) along with our estimate of approximately \$64 million of free cash flow (after distributions to owners for tax payments) will be more than adequate to cover the company's term loan amortization of about \$4.8 million and will be sufficient in future years until 6/19/2015 when the facilities expire.

#### Structural Considerations

The current instrument ratings and the LGD assessments for the senior credit facility are based on a Ba3 CFR and a Ba3 Probability of Default Rating. As all the debt liabilities of the company are senior secured first lien there is no notching of the debt from the CFR. Since there are no remedial covenants to protect lenders from weak operating performance as the facility's leverage covenant is only applicable when the revolver is drawn, the LGD methodology permits us to assign a 50% expected family recovery rate for Zuffa, LLC. The result is a Ba3 rating and LGD4-50% assessment on the proposed credit facilities. Even with their first lien priority, the facility is rated at the same level as the CFR due to it being the only debt instrument in the capital structure.

#### Key Covenants

The current \$463.4 million senior secured first lien bank facility consists of a \$50 million working capital revolver maturing in 2012 and a \$413.4 million term loan maturing in 2015. The facility has no material covenants to provide remedy or intervention to protect lenders from increasing leverage from weakening operating performance, short of payment default or providing timely and unqualified audited financial statements when the company's revolver is undrawn. If drawn, Zuffa will need maintain restricted group (essentially the U.S. operations but excluding the UFC gym) leverage below 5.0x, and therefore there is significant cushion.

In addition, there is useful negative pledge protection limiting investments, additional indebtedness and restricted payments (excluding payments to cover taxes) when covenant debt-to-EBITDA is over 5.0x, regardless of whether or not there is an outstanding revolver balance. Other negative pledge protections include: acquisitions not exceeding a total of \$30 million (excluding the 2007 acquisition of PRIDE); capital leases not exceeding \$15 million with an exception for the new headquarters building of up to \$10 million; and non-guarantor debt basket shall not exceed \$25 million or 20% of consolidated EBITDA.

#### Rating Outlook

The outlook is positive. The positive outlook is prompted by Zuffa's continued revenue and EBITDA growth driven in North America and Internationally by PPV buys and favorable splits with certain PPV providers. As the company growth trends continues and it gradually increases revenue contributions through key sponsorships, TV negotiations, broadcasting revenues, licensing, and television rights fees, while sustaining leverage under 2.5x, we believe that a rating upgrade to Ba2 within twelve to eighteen months is likely unless the company increases debt to fund an acquisition or dividend.

#### What Could Change the Rating - Up

Upward pressure on the ratings will occur with the passage of time provided that increasing mainstream acceptance of the sport continues while demonstrating revenue growth and stable margin characteristics. In addition, sustaining leverage under 2.5x, which is in-line with our expectations over the current rating horizon, and free cash flow-to-debt of above 20% would place upward pressure on the rating.

#### What Could Change the Rating - Down

Though unlikely in our view over the rating horizon, significantly lower revenue and free cash flow growth over an extended period due to possible reduced fan affinity, or a major dividend or debt financed acquisition resulting in debt-to-EBITDA being sustained over 4.0x could result in a downgrade of the rating. An unusual or disrupting event such as a terrorist act or a natural disaster affecting the operations of the company could place the ratings under downward pressure as well. An adverse legal judgment not mitigated by insurance proceeds nor free cash flow could also impact the company's ratings.

**Other Considerations****OWNERSHIP**

The company is privately owned and controlled by Lorenzo Fertitta, Frank Fertitta. The company's visible President, Dana White, as well as Flash Entertainment, maintain minority equity stakes. The Fertitta's have a history of being high financial-risk tolerant entrepreneurs, and we believe they will look to continue taking capital out of the business as it grows. Zuffa's credit facility provides some protection such as a 4.5x senior secured leverage and 5.0x total leverage incurrence tests (based on restricted group EBITDA) as well as a requirement that any additional indebtedness outside of the credit agreement be unsecured. Zuffa's October 2009 debt financing used up \$125 million of the company's \$200 million existing incremental term loan accordion feature.

The purchase of 10% of Zuffa in early 2010 by Flash Entertainment, an independent live events and entertainment organization based in the United Arab Emirates. It is a unit of Mubadala Development which is a wholly-owned subsidiary and investment arm of the Government of the Emirate of Abu Dhabi (Aa2). The purchase did not provide additional capital directly to Zuffa, but instead represent a sale of a small portion of the company's owners' interests. While the purchase has no immediate direct benefit to Zuffa, the purchase does provide indirect intermediate-term benefits. As a minority owner, which is a subsidiary of a very wealthy highly rated country in the Middle-East, it could provide new contacts and introductions in regions and markets where Zuffa can grow its UFC mixed martial arts brand and events globally. We do not anticipate any changes in Zuffa's organizational or legal structure, or its distributions, which are also governed by the company's bank agreement.



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